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The Conference Board

Serving Business and Society for 75 Years

A Monthly Report from the Consumer Research Center June 1991

Consumer Confidence Survey

May Results

Confidence Continues to Retreat

Consumer confidence declined in May for the second consecutive month. The surge in optimism, following the end of the Gulf war in March, is subsiding. The Board's Consumer Confidence Index (1985=100) registered 74.2 in May, down slightly over five points for the month. People are increasingly nervous about prevailing economic conditions, and they are also less optimistic in their expectations for the months ahead. Buying plans are moderately weaker.

Some 38 percent of all survey respondents now believe that current business conditions are "bad," only about 11 percent say that they are "good." Both figures are less positive than those recorded a month earlier. There is also increasing concern about unemployment. Now, 38.6 percent say that jobs are "hard to get," up from 35.6 percent a month ago. Less than 10 percent say that jobs are "plentiful"—about the same proportion as last time.

People are also somewhat less optimistic about the future than they were in the preceding survey. On the question concerning general business conditions, more people than last time expect things to worsen in the months ahead, and fewer expect conditions to improve. People are also somewhat less optimistic about future job prospects.

Plans to buy a car, which were up in April, were down again in May. However, over the past three months, interest in automobiles averaged out at a slightly higher level than in the preceding three. Still, car buying plans continue to run substantially below year-ago levels. Intentions to buy a home over the next six months, which had registered a good gain in March, have declined now for the second consecutive month, even though there has been a substantial increase in the number of people that expect interest rates to decrease. Plans to acquire a major appliance also remain weak.

The Board's Consumer Confidence Index is classified as a leading economic indicator by the U.S. Department of Commerce. The history of this series as a business-cycle indicator is carried in that agency's monthly publication, Survey of Current Business.

Evidently, the euphoria which followed the spectacular victory in the Gulf is wearing off, and people's attention is returning to the realities of a soft economy. Since last August, in fact, there has been a continuing and significant erosion in the public's assessment of the prevailing economic environment. Still, consumer expectations, while weaker than they were a month or two earlier, remain at a reasonably sturdy level. Nevertheless, given the recent messages that we have been receiving from consumers, the suggestion that the recession is "bottoming out" may still be somewhat premature.

Fabian Linden

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

	Business							Employment			Income	
	1990									1991		
All series seasonally adjusted	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr(r)*	*May(p)*
Composite Series: Index Numbers, 1985=100													
Consumer Confidence Index	107.3	102.4	101.7	84.7	85.6	62.6	61.7	61.2	55.1	59.4	81.1	79.4	74.2
Present Situation	117.8	111.1	116.6	100.4	97.5	73.2	70.3	63.3	54.7	53.1	51.7	48.9	45.2
Expectations	100.3	96.6	91.8	74.2	77.7	55.6	56.1	59.8	55.3	63.6	100.7	99.7	93.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	23.1	22.6	23.4	20.8	19.4	14.2	14.4	13.3	11.1	11.7	11.6	11.7	10.8
Bad	19.7	20.1	20.7	23.5	24.6	28.9	29.8	30.3	34.4	33.3	34.2	35.7	37.9
Normal	57.2	57.3	55.9	55.7	56.0	56.9	55.8	56.4	54.5	55.0	54.2	52.6	51.3
Employment													
Jobs plentiful	26.9	23.4	25.6	21.4	20.6	15.3	13.7	12.4	11.4	10.0	10.4	9.4	9.4
Jobs not so plentiful	50.2	52.9	52.3	52.8	54.3	54.9	56.9	55.9	55.5	56.8	53.9	55.1	52.0
Jobs hard to get	22.9	23.7	22.1	25.8	25.1	29.8	29.4	31.7	33.1	33.2	35.7	35.5	38.6
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	18.5	17.5	17.3	13.7	15.1	12.0	10.9	12.1	11.8	14.4	27.7	25.2	24.0
Worse	9.7	10.4	11.9	18.7	20.4	29.7	29.6	25.6	28.1	24.3	10.6	9.4	11.6
Same	71.8	72.1	70.8	67.6	64.5	58.3	59.5	62.3	60.1	61.3	61.7	65.4	64.4
Employment													
More jobs	15.9	15.5	14.6	11.3	13.9	9.5	9.9	9.9	9.0	11.6	20.8	19.4	18.6
Fewer jobs	16.3	16.5	18.0	22.7	23.2	34.9	34.9	33.9	35.3	31.4	19.1	17.9	19.2
Same	67.8	68.0	67.4	66.0	62.9	55.6	55.2	56.2	55.7	57.0	60.1	62.7	62.2
Income													
Increase	26.6	27.2	27.8	24.2	26.5	19.5	22.4	22.3	19.8	20.9	23.3	20.7	20.2
Decrease	5.2	7.0	7.8	8.5	8.7	11.0	11.5	10.4	11.1	11.6	8.7	8.9	10.3
Same	68.2	65.8	64.4	67.3	64.8	69.5	66.1	67.3	69.1	67.5	68.0	70.4	69.5
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.3	8.4	8.8	7.5	7.8	6.3	6.5	6.2	6.0	7.5	6.6	7.7	6.5
New	4.0	4.0	3.3	4.3	3.8	3.3	2.2	2.9	3.0	3.7	3.3	4.0	3.0
Used	3.1	3.3	4.6	2.9	2.7	2.0	3.2	2.8	2.4	3.0	2.6	3.1	2.8
Uncertain	1.2	1.1	0.9	0.3	1.3	1.0	1.1	0.5	0.6	0.8	0.7	0.6	0.7
Home													
Yes	3.9	3.6	4.3	3.0	2.9	2.9	2.6	2.7	2.6	3.0	4.2	3.0	2.7
New	1.1	0.9	0.8	1.0	0.8	0.6	0.9	0.6	0.7	0.8	1.1	0.8	0.8
Lived in	2.0	1.8	2.5	1.3	1.2	1.7	1.4	1.5	1.3	1.5	2.1	1.5	1.4
Uncertain	0.8	0.9	1.0	0.7	0.9	0.6	0.3	0.6	0.6	0.7	1.0	0.7	0.5
Major appliances													
Total plans	22.7	28.8	27.4	32.8	30.3	26.0	25.3	26.9	27.4	28.0	32.5	27.8	26.2
Refrigerator	5.2	4.4	4.4	5.4	4.8	3.6	3.7	4.1	4.4	4.9	5.3	3.6	3.8
Washing machine	3.7	4.1	4.2	4.3	3.9	3.6	3.1	3.5	3.9	4.3	4.6	3.8	3.2
TV Set	0.0	6.9	6.3	7.8	7.7	7.0	6.8	7.1	6.9	6.6	8.5	6.7	7.0
Vacuum Cleaner	5.3	4.5	4.4	6.1	5.7	4.1	4.5	4.7	5.0	4.6	5.5	5.3	5.2
Range	3.0	3.0	3.2	2.7	3.0	2.9	2.3	3.0	2.7	2.9	2.9	2.7	2.3
Clothes dryer	3.3	3.9	2.7	4.0	3.2	3.2	2.7	3.0	2.9	3.1	4.0	3.8	3.1
Air conditioner	2.2	2.0	2.2	2.5	2.0	1.6	2.2	1.5	1.6	1.6	1.7	1.9	1.6
Carpet	6.2	6.6	7.0	7.3	6.7	5.9	5.1	5.6	6.2	5.7	6.8	5.9	6.5
Vacation Intended Within Six Months: Percent													
Vacation Intended		48.6		48.9		45.9		47.4		45.8		47.3	
Destination													
U.S.		42.2		41.8		40.0		41.4		41.0		41.8	
Foreign country		8.1		9.2		7.5		7.3		6.4		7.1	
Means of Travel													
Automobile		29.4		29.4		27.7		27.9		28.5		28.4	
Airplane		19.4		17.9		16.4		17.5		16.3		17.8	
Other		3.3		4.6		3.9		3.7		3.9		4.4	

(p)—preliminary - (r)—revised

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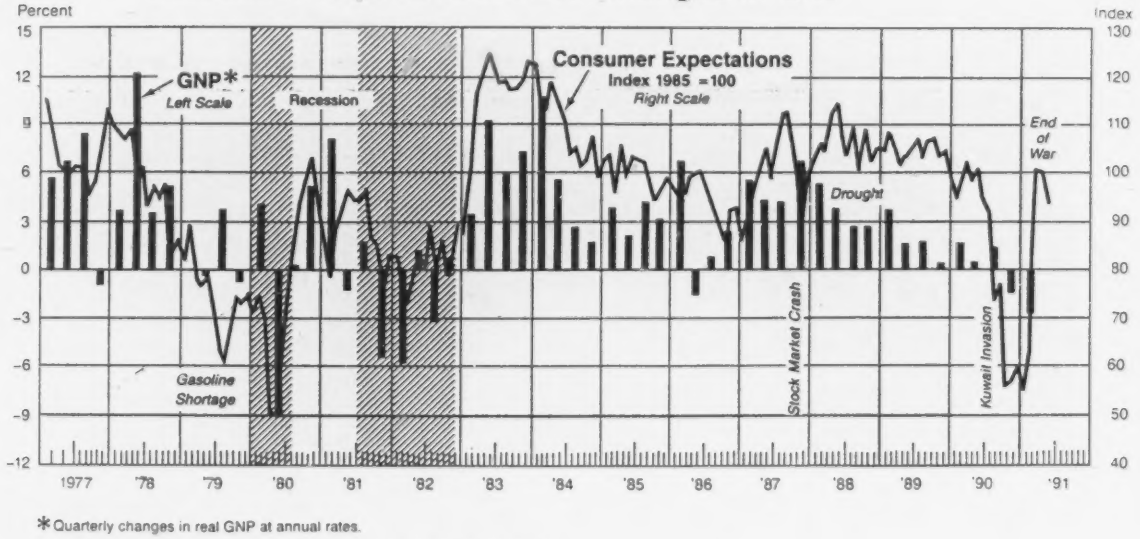
Inflation **Interest Rates** **Stock Prices**

Not Seasonally Adjusted	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr(r)*	*May(p)*
	1990								*1991*				
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.9	4.9	4.9	5.4	5.7	6.4	5.9	5.8	5.5	5.2	4.7	4.8	4.7
Interest Rates													
Higher	62.6	56.2	49.5	58.4	64.2	57.4	53.2	49.8	33.4	34.4	42.8	45.5	35.3
Same	23.2	25.3	29.3	20.9	18.8	18.0	21.9	19.9	20.8	22.2	25.3	27.9	28.5
Lower	14.2	18.5	21.2	20.7	17.0	24.6	24.9	30.3	45.8	43.4	31.9	26.6	36.2
Stock Prices													
Increase	38.7	43.6	38.5	30.3	31.4	26.8	25.8	27.4	26.3	37.8	46.6	42.8	41.8
Same	37.0	34.8	36.7	30.9	28.8	25.0	28.2	30.0	29.9	31.1	31.7	35.1	36.1
Decrease	24.3	21.6	24.8	38.8	39.8	48.2	46.0	42.6	43.8	31.1	21.7	22.1	22.1

All series seasonally adjusted	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*Mar.*	*Apr(r)*	*May(p)*	*3 mos. Percent Change**
	1990					*1991*								
Consumer Confidence Index, 1985 = 100														
AGE OF HOUSEHOLD HEAD														
Under 35	118.9	111.9	114.5	100.9	94.2	81.9	80.1	73.5	66.5	65.2	90.6	92.9	90.2	33.4
35-54	106.7	100.9	102.2	85.0	86.6	61.6	59.6	61.9	56.8	62.5	82.0	77.7	76.1	30.2
55 and over	95.2	94.1	88.4	70.2	76.6	50.0	50.5	50.7	42.5	50.0	69.4	70.0	61.7	40.6
HOUSEHOLD INCOME														
Under $15,000	83.2	75.4	79.8	59.0	71.6	50.7	46.4	54.2	41.4	47.0	60.3	62.1	56.6	25.6
$15,000-24,999	103.1	91.9	98.8	83.4	80.7	55.0	62.9	55.4	49.4	54.9	72.1	76.5	71.9	38.0
$25,000-34,999	107.2	105.2	103.0	91.5	84.1	66.7	63.4	63.0	59.3	61.9	85.3	79.5	82.9	34.5
$35,000-49,999	122.2	120.4	106.6	94.4	95.1	69.9	73.3	64.7	63.3	64.8	87.9	83.4	75.9	28.2
$50,000 and over	121.6	121.7	116.9	100.2	94.5	71.9	67.6	69.0	64.6	69.0	98.2	94.9	86.5	38.0

***Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

Consumer Expectations and Changes in GNP



*Quarterly changes in real GNP at annual rates.

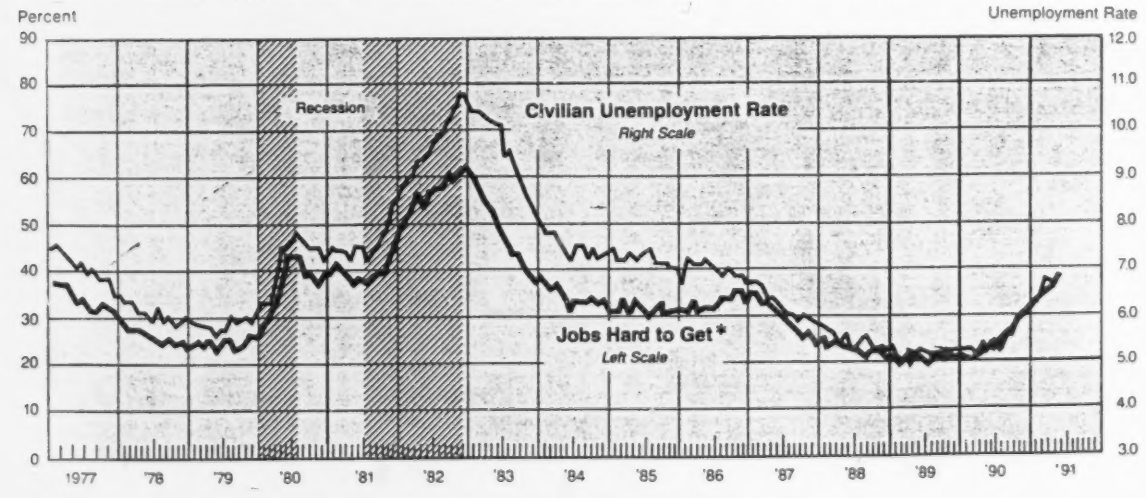
U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers: 1985=100	1990 May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1991 Jan.	Feb.	Mar.	Apr(r)	May(p)	AVERAGE: Mar., Apr., May 1990	1991	Percent Change
NEW ENGLAND																
Consumer Confidence Index	69.9	51.6	42.5	29.2	39.4	23.0	26.3	26.9	29.6	37.3	53.5	52.1	46.5	44.8	50.7	13.1
Present Situation	68.2	53.3	38.3	22.5	29.9	9.2	10.8	8.8	6.5	3.6	3.1	5.5	4.7	46.7	4.4	-90.5
Expectations	71.1	50.5	45.4	33.8	45.8	32.2	36.7	38.9	45.0	59.8	87.1	83.2	74.3	43.6	81.6	87.2
MIDDLE ATLANTIC																
Consumer Confidence Index	99.7	91.5	86.0	69.8	75.7	56.9	47.8	47.3	46.2	48.9	72.6	66.0	63.4	64.9	67.3	3.7
Present Situation	106.6	111.9	104.7	92.2	96.6	74.3	52.9	48.2	38.4	33.6	33.3	27.5	35.4	71.8	32.0	-55.4
Expectations	95.1	78.0	73.5	54.8	61.7	45.3	44.4	46.8	51.4	59.1	98.8	91.6	82.1	50.4	90.8	50.5
EAST NORTH CENTRAL																
Consumer Confidence Index	109.0	102.3	104.1	88.8	87.8	72.7	65.7	60.9	56.4	55.0	80.8	77.6	69.1	72.4	75.8	4.7
Present Situation	127.0	118.1	125.3	111.1	113.5	101.2	87.4	80.6	66.7	49.9	53.4	52.7	44.1	83.4	50.1	-40.0
Expectations	97.0	91.7	90.0	73.9	70.7	53.6	51.2	47.8	49.5	58.5	99.0	94.2	85.8	65.1	93.0	42.9
WEST NORTH CENTRAL																
Consumer Confidence Index	92.8	94.2	94.1	78.7	68.7	67.2	61.0	54.3	61.1	54.5	76.5	71.6	71.9	64.9	73.4	13.0
Present Situation	110.3	103.9	116.6	94.1	83.6	87.5	78.7	62.3	65.7	56.2	53.6	51.5	55.9	72.1	53.7	-25.6
Expectations	81.2	87.8	79.1	68.4	58.8	53.7	49.2	49.0	58.0	53.3	91.9	85.0	82.5	60.1	86.5	43.9
SOUTH ATLANTIC																
Consumer Confidence Index	122.6	128.9	119.9	95.9	98.0	74.0	69.4	63.5	59.2	69.9	86.0	85.8	82.3	81.3	84.7	4.2
Present Situation	147.0	149.2	146.9	121.3	126.3	95.4	87.9	74.5	63.4	59.3	44.5	55.3	43.2	97.8	47.7	-51.3
Expectations	106.4	115.4	101.9	79.0	79.1	59.8	57.1	56.1	56.4	77.0	113.7	106.2	108.3	70.4	109.4	55.5
EAST SOUTH CENTRAL																
Consumer Confidence Index	79.4	87.7	96.4	76.6	90.1	55.9	47.9	64.9	50.7	58.5	85.9	77.1	56.7	57.0	73.2	28.5
Present Situation	68.1	79.3	102.8	82.9	102.4	59.7	47.4	63.4	39.2	50.4	45.8	39.7	35.4	51.0	40.3	-21.0
Expectations	86.9	93.3	92.1	72.4	81.9	53.3	48.3	65.8	58.4	63.9	112.6	102.1	71.0	61.0	95.2	56.0
WEST SOUTH CENTRAL																
Consumer Confidence Index	90.5	78.9	84.7	77.5	90.6	63.5	71.8	70.0	60.3	66.5	84.3	75.8	75.5	60.8	78.5	29.0
Present Situation	58.4	51.7	59.1	58.3	62.5	44.0	47.1	54.3	42.1	40.0	45.7	43.3	45.7	39.5	44.9	13.7
Expectations	111.9	97.1	101.8	90.3	109.4	76.5	88.3	80.4	72.4	84.2	110.0	97.5	95.3	75.1	100.9	34.4
MOUNTAIN																
Consumer Confidence Index	101.0	97.2	99.3	72.0	108.5	62.5	68.6	77.1	67.9	65.8	83.2	98.1	86.4	68.4	89.2	30.4
Present Situation	82.2	75.8	88.0	64.1	96.5	51.4	60.6	58.7	51.4	38.4	58.9	58.8	56.9	52.4	58.2	11.1
Expectations	113.5	111.5	106.8	77.2	116.5	70.0	74.0	89.3	78.9	84.0	99.5	124.3	106.1	79.2	110.0	38.9
PACIFIC																
Consumer Confidence Index	127.5	119.6	121.9	108.3	105.6	88.0	92.0	80.0	70.3	84.9	101.1	95.8	86.5	84.5	94.4	11.7
Present Situation	165.2	151.0	168.1	153.8	143.4	120.0	134.1	113.2	78.1	94.3	85.8	72.0	76.0	108.6	77.9	-28.3
Expectations	102.4	98.7	91.1	77.9	80.4	66.7	63.9	57.9	65.1	78.6	111.3	111.6	93.5	68.5	105.5	53.9

*** Percent Change: Average of last three months shown as compared with same period year. Regional data are not adjusted for seasonal variation.**

Unemployment and Consumer Assessment of Job Availability



*Percent of respondents reporting "jobs hard to get." Conference Board Consumer Confidence Survey